

LINDA LINGLE
GOVERNOR



RUSS K. SAITO
COMPTROLLER
SANDRA L. YAHIRO
DEPUTY COMPTROLLER

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

July 19, 2010

COMPTROLLER'S MEMORANDUM NO. 2010-22

TO: Heads of Departments and Agencies

FROM: Russ K. Saito, State Comptroller

SUBJECT: FY2010 - 2011 Self-Assessment of Internal Controls Questionnaire

Executive Branch departments and agencies are responsible to maintain an adequate system of internal control, and to see that the internal control system functions effectively as designed. The State Comptroller is required to conduct periodic investigations and audits to ensure the use of the internal control systems in the executive branch (Section 40-2, HRS).

The ultimate responsibility for internal control rests with the State's department management. Every director, chief financial officer or manager with department or agency financial responsibilities is responsible for implementing and maintaining internal control standards for areas under their control. Internal control standards define the minimum level of quality acceptable for internal control systems.

To help departments and agencies comply with State Law and to provide a means for department and agency management, when submitting financial statement information presented in the CAFR, to attest to the accuracy of the information and the soundness of its established internal controls, the Department of Accounting and General Services (DAGS) established a Self-Assessment of Internal Controls Questionnaire (IC Questionnaire).

Every department or agency's chief financial officer or manager with financial responsibilities is responsible for completing the IC Questionnaire, which is a management tool verifying that strong internal controls are implemented to prevent inconsistencies, inaccuracies, or weakness in financial records. For areas not under the chief financial officer's or financial manager's control, an appropriate manager is responsible for completing the questionnaire.

Please review the IC Questionnaire to be completed in advance for the fiscal year ending June 30, 2011. A new IC Questionnaire must be completed each fiscal year and maintained by each department's or agency's fiscal office for review by authorized external auditors and the

**Heads of Departments and Agencies
Comptroller's Memo 2010-22
Page 2**

DAGS' Audit Division. Any cycles deemed not applicable should be indicated on Attachment I. Any inadequate internal controls should be indicated on Attachment II.

The State Comptroller requires that the form, Confirmation of Self-Assessment of Internal Controls, and a copy of the completed IC Questionnaire and related Attachments be submitted to the DAGS' Audit Division by September 30, 2010.

The IC Questionnaire and related Attachments and the form, Confirmation of Self-Assessment of Internal Controls, are located on the DAGS' Audit Division web site:

<http://hawaii.gov/dags/audit>

If you have any questions, please call me at 586-0400, or Wayne L. Chu, Audit Division at 586-0360.


RUSS K. SAITO
State Comptroller